

Table of Contents

State/Territory Name: PA

State Plan Amendment (SPA) #: 25-0012

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 12, 2025

Valerie A. Arkoosh, MD, MPH
Secretary of Human Services
Commonwealth of Pennsylvania Department of Human Services
Office of Medical Assistance Programs Bureau of Policy, Analysis and Planning
PO Box 2675
Harrisburg, Pennsylvania 17105-2675

RE: TN 25-0012

Dear Secretary of Human Services:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Pennsylvania state plan amendment (SPA) to Attachment 4.19-A PA 25-0012, which was submitted to CMS on April 30, 2025. This plan amendment establishes a new class of supplemental payments to qualifying Medical Assistance (MA) enrolled freestanding children's hospitals located in a city of the first class.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of April 27, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Kristina Mack at 617-565-1225 or via email at Kristina.Mack-Webb@cms.hhs.gov.

Sincerely,

[Redacted Signature]

Rory Howe
Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 5 — 0 0 1 2

2. STATE

PA3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 27, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 42,304,676b. FFY 2026 \$ 42,304,676

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Page 21aaa

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

New

9. SUBJECT OF AMENDMENT

Additional Class of Supplemental Payments to Qualifying Hospitals

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Valerie A. Arkoosh, MD, MPH

13. TITLE

Secretary of Human Services

14. DATE SUBMITTED

April 30, 2025

15. RETURN TO

Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

FOR CMS USE ONLY

16. DATE RECEIVED

April 30, 2025

17. DATE APPROVED

June 12, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying freestanding children's hospitals enrolled in the Medical Assistance (MA) Program that are located in a city of the first class.

A hospital is eligible for this additional class of supplemental payments if the hospital meets all the following criteria:

- a) The hospital is enrolled in Pennsylvania's (PA) MA Program as an acute care general hospital, licensed by the PA Department of Health (DOH);
- b) The hospital provides acute care inpatient services to patient populations predominately under the age of 18. A hospital's patient population is predominately under the age of 18 if the hospital's number of discharges for "0-17 Years" is greater than 50% of the hospital's number of "Total" discharges. Discharges are determined from the calendar year 2022 PA DOH Reports 3-A and 3-B.;
- c) The hospital is located in a city of the first class; and
- d) The hospital's MA share of Net Patient Revenue is greater than 65% according to the Pennsylvania Health Care Cost Containment Council's fiscal year (FY) 2023 Financial Analysis (Volume 1).

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's fee-for-service (FFS) PA MA inpatient acute care days to the total FFS PA MA inpatient acute care days for all qualifying hospitals. The source of the information for FFS MA inpatient acute care days is the FY 2018-2019 MA-336 Hospital Cost Report available to the Department as of June 22, 2021.

Supplemental payments are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services.

Beginning with FY 2025-2026, the Department will distribute \$57.604 million in total funds (State and Federal) for these supplemental payments upon Centers for Medicare & Medicaid Services approval, effective April 27, 2025.